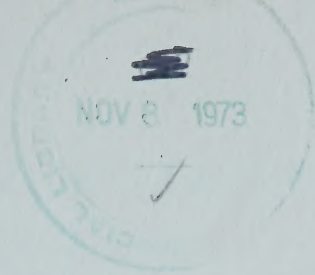


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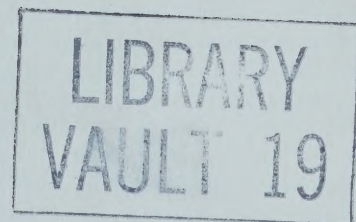


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Review of Government Operations

2nd SESSION
17th ALBERTA LEGISLATURE
OCTOBER 10, 1973

Hon. Peter Lougheed
PREMIER



Office of the Premier

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REVIEW OF GOVERNMENT OPERATIONS

— HON. PETER LOUGHEED

Mr. Speaker, it is my intention today, and I think it is a useful approach and plan for members of the Legislative Assembly, for me, as leader of the government, to provide an extensive review of the events which have occurred since the House recessed early in May, some five months ago.

I would like to state two matters at the outset. First of all, it is my intention to do simply that; to have a review and perhaps help in terms of the perspective of the members and not therefore to make any new announcements with regard to any government policy, but merely to review what has occurred.

Secondly, let me in advance apologize for length. I hope that the hon. Member for Sedgewick-Coronation will not think that I am trying to even things up. He asked me a question in the spring session as to when we were going to hear from the hon. Premier. I then responded with what I thought were fairly lengthy remarks during the course of the budget. When I add those to what I have intended for today, I really would like to assure the hon. member that my responses at such length are not given with any intention to try to say, "well, if you really wanted to hear me", but merely because it has been a very unusual and very eventful five months since we have been in recess.

In looking it over and in compiling my notes for today, it certainly strikes me that we probably have had, in a compressed way at least, five of the most busy and eventful months that we have had in government in the Province of Alberta, certainly in recent memory. For that reason, I think it's important to elaborate upon the developments that have occurred and provide an opportunity to other members and other ministers to give some thought to the remarks. We will welcome their contributions to debate.

From my personal point of view, and from those of my colleagues, one of the highlights of the five months was the election of a new member, the hon. Member for Calgary Foothills, Mr. McCrae. One of the very important aspects of that, which I feel is often lost sight of in this Legislature, is that it is our assessment that one out of every three employed Albertans derives employment directly or indirectly from the oil and gas industry. I think it is important for the Legislative Assembly of

Alberta to increase the numbers within this House who have some working knowledge, awareness and understanding of that critical industry.

I believe it is obvious that when the House is not in session the ministers are fully involved in a variety of administrative, implementation and decision-making tasks that are important to outline for the members.

From my point of view, personally, when the House is not in session, I enjoy most and feel that I get the greatest reward and perhaps usefulness from talking to Albertans from every walk of life throughout this province, and getting their response and their reaction to our programs. And I can say, without any equivocation whatsoever, that the reaction of the citizen-at-large in this province has been very positive and most encouraging during the two years that we have been in office.

One of the useful ways in which we have done this is the establishment of cabinet tours so that we can, in fact, get out of the office. I think nothing is more revealing to me than to see the Provincial Treasurer in a relatively small community of maybe 150 people facing the questions that the people really have, getting out of his office and not being tied to the normal functions in which he and certain other ministers are generally engaged.

Last fall we had our first cabinet tour through the Grande Prairie-Peace River area. In late May the second cabinet tour occurred throughout central Alberta.

One very significant thing in our minds occurred with regard to that central Alberta tour. That was that when we came back to meet in Red Deer after covering a wide variety and number of communities in central Alberta and sat down with the full cabinet and the MLAs from the area. Literally, before the meeting could be called to order, all who were involved could not contain a very quick and very interesting reaction. That was that almost everyone involved came to the conclusion that we found the citizens of the area concerned with a number of problems. They were interested in the potential of their area, but not at all interested in raising with us the issues and matters that had been raised by the opposition during the course of the spring session.

Now that is a puzzler and somewhat disconcerting. Its implications, I think, are of significance to the House at large.

The next tour made in mid-September was to southern Alberta, where we were very warmly and hospitably received. I thought it was most helpful to have the MLAs from southern Alberta participate on a number of occasions with us in a number of the meetings. I am sure it was useful to them as well.

One of the conclusions we reached with regard to this tour, which we are attempting to assess, was the degree of concern in southern Alberta with regard to our controversial decision to repeal The Communal Property Act. We were well aware that this move, which was made to fit within The Alberta Bill of Rights, was one that was not accepted fully by the people of southern Alberta in particular. We were attempting to gauge the degree of reaction to that matter. Our conclusion was that although some concern still exists in a few communities it is a concern, in fact, which is dwindling significantly throughout Alberta and, in particular, southern Alberta.

We were involved in a very useful time in Lethbridge, in terms of underlining our commitment to the University of Lethbridge, in terms of the progress of that dynamic city and its future and a number of important projects there, including, of course, the bridge, downtown development by the Department of Public Works, and the 1975 Winter Games.

We will be having a number of other tours in other parts of the province commencing again next spring.

I myself have had, with some important field trips, the opportunity to spend some of the time during this very busy summer in increasing an awareness of the needs and aspirations of our citizens. In particular I am pleased that in those instances I was there with the MLAs for Brooks, Hanna and St. Paul. In addition, we had an important trip to the Bighorn Dam area and Abraham Lake, and had a ceremony, important for Alberta, involving Chief Snow.

It would be my intention to table at the conclusion of my remarks, among other documents, the important remarks that Chief Snow made on September 24, 1973, in order that these form part of the Legislative record. I commend the comments to hon. members.

Mr. Speaker, last week I was involved, as most know, in a news conference here, and then later in Calgary, and some very important matters were discussed involving the revenues and economics of this province. Later that day I had the privilege of representing the Government of Alberta at an important event. Some may say small, but to me it was significant — the opening of the Providence Child Care Training Centre in Calgary. The MLA for Calgary Millican was at that ceremony. It brought home to me the realities of what we are involved in; that if we want to provide services and quality of life to our citizens, if we want to create the climate and atmosphere for progress, it is essential that we have the resources to do so. So the balance of that day was, from my point of

view, particularly meaningful as to the responsibilities we have.

Mr. Speaker, I would like to review briefly some of the major cabinet decisions and other developments which have occurred during these five months.

The first one, with regard to health and social development, is the important decision we made as to the 25 per cent increase over the 1968 foster care rates, worth \$1.1 million. This was with regard to the recommendations of the Foster Home Commission appointed by the previous government which brought in an excellent report. I think most Albertans join with me in saying that it is only appropriate that we do this. This involves over 3,000 foster homes caring for approximately 3,500 foster children.

In addition to that, and as a direct result of our site inspections during the central Alberta tour — that is, one of the clear advantages of a tour, getting involved in seeing something there, getting the atmosphere — I think the decision process improves. We went through the Alberta Hospital in Red Deer, the Deerhome Institute, and the Minister of Health and Social Development and I came away with a clear determination to accelerate the improvements we had in mind. We have committed, by way of special warrant, \$1.5 million of the public's money for these improvements that tie together with one of the important priorities in the first phase of our administration.

There are a number of long-range improvements planned in addition. But I think all hon. members join with me in recognizing that we do have to assure that it is incumbent upon all members to bring these situations in their constituencies to our attention. When we find we are falling behind in terms of obvious social services and requirements for our citizens — no matter if the citizens at large have tended to ignore them — and not place undue emphasis, we have here a responsibility, in terms of leadership, to bring these things forward on the floor of the Legislature and to take the action that is involved.

We have a lot more that we have to do, not just with regard to those institutions, but elsewhere in the province. But I hope this reflects our determination to attempt to speed up matters in this regard.

Another decision that we took during the course of the summer bears particularly on a recent report from the Ombudsman. It is, of course, the matter of the forensic unit at the Alberta Hospital in Edmonton. I'm sure the hon. minister would be prepared to elaborate upon that.

Mr. Speaker, the document tabled today, which should be definitely referred to because of its significance, is the second volume of the Blair Report. It is a document that fits within one of the priorities I mentioned in phase one of our administration.

In its summary, on page 293 it refers to the work done by the hon. Member for Wetaskiwin-Leduc. It concludes on page 295 with what I was pleased to see — because it is a very natural situation for those very intimately involved with a subject to be deeply concerned about the speed with which we can make these necessary reforms, acquire the personnel that are involved — the conclusion that Dr. Blair reached with regard to the statement of our administration's commitment. The phrase was "And, when elected, he acted on the promise." I commend for the hon. members' attention that particular writing.

One of the developments that came out of the spring session (involved) a very sad and unfortunate situation with regard to the handling of bodies after death. It has been corrected, to the degree that we are able to, by the regulations that have been instituted by the Minister of Health and Social Development, although I'm sure that there are follow-up implementations involved there.

An additional important decision was taken by the minister responsible for the Alberta Health Care Insurance Commission at the conclusion of negotiations with the Alberta doctors. This, in essence, sets an understanding that will carry through till July 1, 1975; another important development in that area.

In the area of education, the figures I have received are I think most relevant to the awareness of the members.

In 1972, we faced a declining school population and quite a bit of excess, vacant space, so the Minister of Education brought in a holding pattern. For this reason, and because of our trusteeship of public moneys, there was a reduction in terms of the amount of money expended by way of debenture issuing for school construction. In 1971, \$31 million were expended; in 1973 only \$12 million.

There need to be some modifications with regard to this holding pattern which the Minister of Education has discussed with the local authorities and with the communities involved in terms of 'relocatability' of school facilities and community use. No doubt in the months ahead he will be pressing that forward.

I thought for southern Alberta our decision to expand the services of CKUA — always a sore point in this province with those from southern Alberta — was important, as it is a facility that should be developed throughout the province.

In addition, we established a longer term financial plan for the universities — on a three-year basis for operational grants — which we mentioned in the Speech from the Throne. I think this is very sound. It permits the universities to do some long-term planning, not be forced to fit into year-to-year adjustments, and it gives them an idea of the resources available to them. I am sure the

Minister of Advanced Education was well aware of the qualification contained in that statement, the qualification that has to do with the enrolment factors, and he will watch with interest.

Two other developments that should be mentioned occurred during the course of the summer in the field of advanced education. This government took the position, subject to the necessary discussions and review with the various parties involved, that there should be, in our view, a law school at the University of Calgary. That, of course, was certainly well received and the date of that decision is one of interest to observers of the Alberta political scene.

Another important decision also had to do with the University of Calgary. This is one that will take some time to come to fruition, namely the establishment of an energy research institute together with the University of Calgary and industry. Over the course of time, I am sure it will have an important bearing upon our ability to have data, position papers and sophisticated assessment of a very complex industry.

In addition, there has been the transfer of the NewStart facilities to the Government of Alberta in Lac La Biche, McMurray, Janvier and Kikino. Although some progress has been made in having those facilities moving, it is important that they are moved in conjunction with the views of the local people because really that was, I think, the failure of the original NewStart concept.

The undertaking of the expansion, in a very broad way, by Mr. Adair, of the hot-lunch program for Metis children was also worthy of note. The Northern Development group, under Mr. Adair, is being gathered together to provide a flexible northern strategy for the province.

As far as the Attorney General's department is concerned, there has been mention in the question period of the inquiry regarding Cosmopolitan Life.

There has not been a comment about the new system regarding licensing for lotteries, which has some considerable improvement for our citizens.

The Law Enforcement Appeal Board chairman, Judge Legge, has been appointed. That is in operation and the Board of Review, under provincial court system, is starting to hold hearings, chaired by Mr. Justice Kirby.

In terms of agriculture one of the developments we believe most important, and one that some sceptics — really I question whether they believed we'd follow through on it — is the commitment by this government to, as much as possible, decentralize the operations of government throughout Alberta. The more I see of this particular item, and the more I see its impact, the more convinced I am that it has a very healthy and very desirable and beneficial effect upon Alberta at large. I don't accept the fact that it is a weakening in any way of

the growth of our two metropolitan centres. The metropolitan centres in Alberta are first Calgary, and third Edmonton, in terms of growth in Canada. What I think we are looking to, and what we have expressed on other occasions, is orderly growth of our metropolitan areas, working with the local metropolitan governments involved.

But surely there is an important responsibility for government these days, and lessons to be learned through neglect in other areas, of doing what we can in terms of decentralizing, wherever possible and practical, the operations of government. We won't count beyond, I'm sure, a very small percentage of the total number of public employees who will be employed outside the capital. But whatever we can do — having been there and having seen it — as members of the Assembly know, has a very important impact upon their communities. Take the headquarters of the Alberta Opportunity Company in Ponoka and the reaction of that community to being a centre for the company. Priority for the smaller centres, is obvious to those who have taken the time to evaluate it.

It's the same with the Agricultural Development Corporation in Camrose. This summer a number of other developments were announced by the Minister of Agriculture, two regional offices at Calgary and Edmonton, as well as relocation of the Alberta Hail and Crop Insurance Corporation, the Alberta Dairy Control Board, brand recording, and other activities. In addition to that, I think mention should be made of the Lands and Forests Department's moves with regard to regional headquarters.

All in all, Mr. Speaker, in two short years there has been an excellent record by this government with regard to this policy approach. I'm sure that over the course of time we'll see even more development. I'm pleased with the positive response we are getting from the public service generally, from the citizens of metropolitan Edmonton and to a lesser degree, the citizens of metropolitan Calgary.

In addition to that, in terms of agriculture, the announcement, as part of a provincial industrial strategy in a very classic way, is, of course, the rapeseed crushing plant in Lloydminster and all that that means in terms of processing of our agriculture product, the livestock and poultry feed manufacturing operation in Grande Prairie.

In the area of agriculture are, of course, the moves we made this summer to establish the land use forum, pursuant to the resolution passed in the spring session of the Legislature. Dr. Wood is retiring from his position as the deputy minister to chair that, and is most enthusiastic about it. He has an excellent group on that forum.

I will have some other comments later with regard to agriculture in the broader sense of the economy of the province.

In terms of municipal affairs, Mr. Speaker, one of the issues in the last session of the House — I guess you could call it that; I'm not sure yet whether to call it spring or winter session — was the discussion with regard to the way we were turning down and pressuring the local government groups in terms of our decision to tie the municipal assistance to the budgetary increases by local government, at least for the shorter term.

Well, the fears were generally unfounded. As of now, the Minister of Municipal Affairs advises me that out of 257 local government authorities, only 6 have made any application for special consideration to exceed the 7.5 per cent guidelines. I think that puts into perspective the nature of the debate we held during the winter session.

In the area of housing there have been some startling developments which I don't think, perhaps, have come to the full attention of the citizens or the members. The new citizen's housing program is now well launched by the Alberta Housing Corporation, involving two types of lodge facilities and self-contained units. The minister pointed out to me today the variety between the 160-unit high-rise operation in Lethbridge and a 20-unit mobile operation for senior citizens in Daysland. Just the nature of that shows what we can do by having less rigidity and more flexibility within our programs. This senior citizens' housing program has certainly been extremely well received and it will be continued and expanded by the government.

One other important area involving housing was the decision by the Alberta Government to be the first province to sign up with the federal government and the Central Mortgage and Housing Corporation in the new Neighbourhood Improvement Program. That's one which will be of particular benefit to the cities of Edmonton and Calgary.

In addition to that we've made, I think, pretty fair progress in terms of our Native housing, a \$1 million plan for housing for the Metis people. The personnel problems involved there, of course, take some management and time because we are determined in these cases to leave it as a decision of the Metis associations in the various locals to determine where the priorities should lie.

I am advised by the Minister without Portfolio, Mr. Adair, who is responsible, that in the first tender the low tender for the Metis housing program came in from the Kainai group in the Blood reservation which we visited. We saw their facilities. I think that's excellent and is an indication of the way in which the southern and northern parts of this province can work together.

The startling figures, of course, are in terms of direct lending that we've entered into with the Alberta Housing Corporation. This data is just new here, as I understand it. In 1971 the Alberta Housing Corporation, in its direct lending program, had \$5 million for 349 units. In 1972

that was expanded to \$10 million for 644 units. In 1973 the initial allocation was \$20 million — an additional \$22.4 million — and there will be under that program this year 2,260 units of housing, which shows the viability and strength of the Housing Corporation.

Another step taken during the course of the summer has to do with the Department of Telephones and Utilities, and particularly the program regarding rural gas. An announcement was made on April 30, which attracted considerable interest by Albertans in smaller communities, that five additional cooperatives had been established and will be under construction this fall. Before the end of the year there will be some 5,000 new rural customers involved with service lines. In the 9 months of 1973 that's a very significant and positive step forward.

There is a problem developing in terms of the degree to which we can expand and that (concerns) the amount of available plastic pipe. That is something that should challenge the Minister of Industry and others involved in terms of the need to move on the question of plastic pipe supply.

We have assessed the Public Utilities Board and made an expansion in its size from four to eight, to meet the requirements and the obligations being placed upon the board.

Recently an announcement was made by the new Solicitor General regarding an impaired drivers' program. With regard to this program I hope all hon. members will recognize the nature of the complaints they get for what they are. And I hope they will get behind the program. Sure, there will be complaints, and you as MLAs will get those complaints. But I suggest that just the effort, the spot-check approach, and the knowledge and awareness of more Albertans that an effort is being made to crack down on impaired driving is something that will be supported by citizens-at-large. And to deal with those complaints there will be the odd administrative foul-up; there can't help but be.

Last year 400 Albertans died in traffic accidents and 8,600 were injured. That is a tremendous number of people, a tremendous part of our provincial population. So we would hope for the support, encouragement and backing of all members of the Legislative Assembly in this very important program to get impaired drivers off the road.

Mr. Speaker, I have very briefly summarized a number of these matters. I'm sure both during the fall session and definitely during the general debates in the winter session, the ministers will be elaborating on the items I have raised.

One of the decisions we made during the course of the summer had to do with reorganization. That reorganization involved our decision as is obvious from remarks I

will be making towards the end of the afternoon, that the Attorney General must be involved as a full member of the Energy Committee of cabinet. He will be charged with a great deal of responsibility in terms of the preparation of legislation with the Minister of Mines and Minerals. We needed the very effective and good counsel of the Attorney General in our meetings of the Energy Committee, as well as on the Priorities Committee. For that reason we took some steps to reduce significantly the administrative burden upon the Attorney General and have placed it in a new department of the Solicitor General. (The Solicitor General will be) responsible for law enforcement within this province of the six correctional institutions, the Probation Branch, the Racing Commission, and the Alberta Liquor Control Board.

But what was really interesting I'm sure to all members, is that the decision was made. The appointment has been established but the historic point may perhaps have been missed: we now have the first minister with portfolio in the history of Alberta who is a lady member.

(Applause)

MR. LOUGHEED:

She can acquit herself well, anywhere.

HON. MEMBERS:

Agreed.

MR. LOUGHEED:

Mr. Speaker, this brings me now to a review which I believe would be timely, regard to the state of the province's economy.

I think without equivocation it could be simply stated this way. The province's economy has never been stronger. We have the highest participation rate in terms of employment, 62.4, of any province in Canada.

Granted, we have our concerns, certainly in terms of the impact of ill-advised federal policy. We are concerned that there could be downturns this winter which might be the result of such overreaction to certain pressures upon the economy of the nation generally. Certainly there is absolutely no doubt of the setback to the province if major projects, such as Syncrude that I'd like to deal with particularly, were in fact abandoned or cancelled.

We have to look at the concern of conservation extremists and to balance their views with those of citizens-at-large in terms of some reasonable development of recreational and tourist facilities. Both (could) provide jobs in a significant but well developed way for our citizens, and also provide recreational facilities, facilities that are very much strained in this province at the present time.

Our government is involved with many policies directed towards job creation. We recognize, of course, that there are limitations of government in this area but certainly we know we have a responsibility in a number of different ways to move in terms of providing meaningful jobs for many young Albertans and others who may want to come to this province from other parts of Canada.

Some of the statistical data involved in an assessment of our economy is simply a start of it, in terms of the magnitude. The value from January to July, of retail trade was increased 12.2 per cent compared to the year previous. Wholesale trade increased 18.5 per cent, and manufacturers' shipments 20.3 per cent. That's in a very short period of time.

One of the other statistics I always look at when I'm trying to evaluate the economy in the province, is the degree of bank debits. That really is in essence the circulation of money within a province. I know that some members opposite have some interest in that subject. The bank debit figures, January to July, have increased 24.3 per cent over a similar period of the previous year. That's a startling figure and it shows the multiplier nature of the economy in terms of the turn around of money. It is something we often lose sight of because we are so involved as a primary producing province. In my view we are too involved.

A lot of this stems obviously from the unprecedented demand for Alberta products both renewable and non-renewable, oil and gas, forest products and agriculture. The agriculture figures show farm cash receipts in 1972 were up over 1971 over 14.7 per cent and according to the pretty cautious estimate of the minister, this year 1973 over 1972, they are up an additional 12.2 per cent. Obviously this is due to a demand factor and that raises the question of inflation. I want to come back to that.

However, I can recall the Minister of Agriculture, with a few quiet heckles, making the comment here in his usual quiet way that the Province of Alberta and its agricultural economy was going to reach a year pretty darn soon of \$1 billion. The target right now is well in excess of \$1 billion.

We have, however, a real concern about the harvest situation in the province. We need and need very desperately a period of warm windy weather, particularly in north and north central Alberta. It's a matter that we are all concerned about every day in terms of getting the harvest off and meeting the targets available and the potential there.

One thing that I think perhaps members are not aware of, and it is an important statistic to keep in mind, is that 65 per cent of that agricultural figure is with regard to livestock and animal products. It's important to show in terms of other provinces, particularly Saskatchewan and Manitoba, the nature of the

agricultural economy in Alberta. I believe it's a figure that would surprise many who have been very closely involved.

In terms of highways we have had, of course, the largest budget ever. Contractors and truckers have been stretched to the limit. In addition we need a fall weather break. As a result of the weather we are behind in what we would like to accomplish. The funds are there. There are certain limitations upon the contractors and the truckers to meet the amount of work that is available, but certainly it is our determination to press forward. Those members, particularly from northern Alberta, who are finding progress slow I am sure will recognize the reasons.

Our concern has got to be over a growing labour strife, one of the trouble spots in the Alberta economy. However, I think there have been some important improvements this week. The role of the Department of Manpower and Labour is mediation. It should continue to be up to both sides to work out differences.

I suggest on this issue that hon. members can't have it both ways when they raise matters in debate or in the question period. The government's role has to be that of a balance between management and labour. I think if there is an over-involvement it can certainly set back the collective bargaining process in the province.

Mr. Speaker, that brings me to the state of the province's finances. As they exist today we are in an excellent financial position. Our first full year preliminary indications are a substantial improvement over that anticipated in our first budget. I have been advised by the Provincial Treasurer that current indications of financial performance for the current year are again much better performance than was anticipated in the most recent budget presented to the Legislature.

The major reasons for this improved performance stem from substantially improved revenues for oil and gas as a result of our new energy policies, more rapidly growing personal and corporate tax revenues as a result of the buoyant Alberta economy and of significant improvements in financial matters, resulting in an improved cash flow to the Province of Alberta.

The Provincial Treasurer will be tabling the public accounts for the period ending March 31, 1973, during this fall session and the six month report ending September 30, 1973, will probably be public in November.

So the economy has never been stronger and the provincial finances are in an excellent position.

Mr. Speaker, I would now like to take some time to deal with a matter of concern to all Canadians and all Albertans. That has to do with the matter of inflation and cost of living. I have surely spent the time that others have spent in thinking about this during the course of the summer months.

Today we received some relatively good news. That was that the level of increase in terms of the national consumer price increase had turned and the amount of the increase from September over August compared to August over July was only about one-half. That, of course, is an important development but we recognize there is much more to it than a one-month situation.

I would like to deal with this subject at some length for hon. members by first of all assessing my views and the views of the government as to the reasons for the cost of living increase throughout Canada and in Alberta; secondly, for the unique situation that is involved with our province in terms of the Alberta economy, a summary of appropriate policies for the Alberta government with regard to this situation and a review of action taken to date or contemplated.

First with regard to an assessment of the reasons. The perspective has to be to look at it in terms of Canada relative to the world. The reports issued today from the Organization of Economic Co-operation and Development, OECD, indicate that Canada's inflation is only about average in a world of sharply rising costs. I think it is important that many, many nations have substantially higher rates of inflation climb than Canada and that those facts should be underlined.

But I would like to take some time to deal with views as to the root causes for this world situation. We can't in Alberta or in Canada hope to be quarantined or insulated from a worldwide situation of inflation. To consider public policies that don't take into consideration what those root causes are, in my view, is not wise for us as legislators or administrators.

The first root cause, and a very startling one, is in the international monetary situation. As we know, the Canadian federal policy is to float, and essentially the Canadian dollar floats with the U.S. dollar. Since December 1971, the U.S. dollar, and hence the Canadian dollar, has been devalued approximately 20 per cent against currencies of other world trading nations and particularly the West German mark. That is literally an enormous figure — 20 per cent devaluation in that period of time. What that means, of course, is that Canadian products, particularly agricultural products, are less expensive for other countries to buy from us, and the same situation exists in terms of pressure upon agriculture products in the United States.

Semi-developed and developed countries can afford and, in fact, are seeking out Canadian agricultural products. The result is bidding up of prices. Alberta farm incomes are increasing, as the figures I just mentioned show, with beneficial effect in terms of the total Alberta agricultural position and certainly increased prices with regard to grain and livestock.

To give hon. members some idea of the magnitude of demand changes, in Japan between 1961 and 1965, 13

pounds of meat was consumed per person per year. But in 1971, Japan, a nation of in excess of 100 million, doubled that consumption of meat to 27 pounds per person per year. Those sorts of changes taken with the monetary devaluation, I think, have major implications for Alberta agriculture and the Alberta economy.

The next root cause related to the first is a scarcity of products that are developed. The United States trade figures are something that I think are important for us to look at. In the second quarter of 1973 there was a \$23 million surplus, a relatively small amount. But it compares with a deficit during 1972 by the United States of \$6.3 billion. Now what is the impact of that? The impact of that is a tremendous flood of exported products from the United States, and hence demand for those products, price pressure on those products that build up in terms of agriculture in the United States and, of course, move over on Canada in a very direct way.

It is not just the agriculture products in which we're involved. It's in many other products, for example in cotton which we import; and you note the clothing index. What has happened there, of course, is that you see a situation where cotton is getting extremely scarce through the bidding up of countries such as West Germany, and the exports of cotton have jumped a tremendous amount. Because of this, and because of poor weather in certain nations with regard to agriculture products, reduced acreage allotments in the United States, increased demand in Germany and Japan, there is a substantial pressure on clothing prices throughout the whole world.

In terms of products such as wheat, Russia for the first time is moving in a great way to purchase wheat from the United States. Fully one-quarter of the U.S. wheat crop last summer was sold to the Russians, and massive amounts of corn feeds.

Now the causes of all of this scarcity are partly, of course, foreign policy changes, partly poor harvests in certain countries, partly the monetary situation, and partly semi-developed nations being in a position to seek out such products, as well as very important changes in world trading patterns. I think it is fair to say, and I think we should face it, that this situation is not one that is going to change overnight. Some of the pressures will change, but we are probably in for a very lengthy period with regard to monetary problems in terms of the value of the Canadian and U.S. dollar versus other currencies. And I think for a very extensive period of time we are also in for a scarcity of products, having regard to supply and demand factors on the world basis, particularly for agriculture.

The third root cause Mr. Speaker, is of course the United States and Canada federal government policy. Particularly I'd like to refer to the U.S. policies of which many of you are aware, the shifting from subsidies to

controls. There have been some positive aspects in terms of the releasing of acreage to production in the United States, but the negative factors have been these export controls that they have brought in. Sure they have cut off some short-term foreign demand, but they have also weakened the U.S. dollar and your cycle goes fully around. When you add to that the tremendous pressure upon the U.S. economy with regard to oil imports, then quite clearly one gets an idea of the vastness and complexities of the problem regarding world inflation.

I'm sure we are all aware that there is no way that Canada and Alberta, in terms of agriculture, can be insulated from these factors. One of the matters that I know concerns our Minister of Agriculture, is to try to develop some degree of certainty, particularly in the area of livestock, in the course of the next few months. Those are U.S. policies.

Added to that is the question of Canadian federal government policies. It wasn't too long ago that we were hearing — in fact, I was sitting opposite when we had the great announcement with regard to LIFT and that program in terms of restriction of production. I think we can all remember that the Minister of Agriculture has constantly pressed in terms of expansionary agricultural policies, and certainly one thing we are going to have to do is try to offset the question of these ad hoc federal agriculture policies and bring some certainty into the agricultural scene in Canada and Alberta.

Mr. Speaker, this is the first part of my comments on the cost of living and inflation, looked at from a broader perspective than that of Alberta. I really don't think that it's useful for legislators to talk about measures that should be undertaken without a knowledge of the underlying factors.

Second, an understanding and awareness of the unique position of Alberta as compared to other provinces as a result of these factors, should be brought home to all of us. If you strip away agriculture, oil and gas from our economy think about what little there is left. Perhaps some tourism, some forest products, but not a great deal more. Think about the nature and the very great significance from an economic point of view of the two twin foundations of our economy, agriculture and oil and gas. Look at the statistics that I am trying to get changed.

We've talked about manufacturing in this province. Take out the agriculture processing portion and it gives you some idea of the limited degree in which we have a diversified economy and of the need to try to make some changes to that over the medium and longer term.

Look at the fact that our service and construction industries in our smaller communities and, surprisingly enough, our metropolitan areas are so heavily dependent upon a prosperous agriculture industry. Look at the im-

pact upon the province of oil and gas. There are a lot of things that we have to look at, but in terms of the first stage of a provincial industrial strategy our effort, as I have mentioned before, is to attempt over the course of time, and it will take many years, to shift that dependency. To do so in the first stage requires this: maintaining the stability of the foundation; maintaining the stability of agriculture and oil and gas at the time that we develop alternatives in terms of diversification; expanding our efforts in terms of processing, both our agricultural products and oil and gas products as well as our forest products.

That brings us into the issues of transportation and tariffs and then to the question of a skilled labour force and trying to foresee what the needs will be in the period ahead.

Surely after that first stage is the second stage of diversification, of greater emphasis on tourism, of moving into such areas as plastics in order to take advantage of the tremendous concentration of brain power we have in this province.

But when we look at the area of cost of living and its impact, it's important for us to recognize a number of other unique factors in Alberta. The latest statistics indicate that Alberta had the largest percentage rise of any province per person in 1972 in terms of pay raises. And that, of course, is an important figure. In addition, the average weekly earnings increased 8.4 per cent from July, 1972 to July, 1973.

Further, a part of the factor that is involved here in terms of the per capita income is that Alberta is a strong third in Canada, after Ontario and British Columbia, and we are closing on British Columbia. Now why? Obviously because these inflationary pressures in agriculture have been a boost to Alberta farmers, as I mentioned before. Surely this isn't the time to undertake policies to deny that large number of Albertans who depend for their livelihood either directly or indirectly upon agriculture. We have seen controls work badly in the United States and other jurisdictions. There is no question of that in my view.

We have said many times in this legislature that the primary agriculture producers in this province are entitled to a much better deal in terms of their share of the gross national and gross provincial product, in terms of comparison with average weekly wages.

Now is not the time to overly react with policies that would hurt that particular position we find ourselves in, that of some prosperity for our agriculture. We all know the multiplier effects that are involved there. Some sectors advocate these wage and price controls. I think I've been consistent throughout as not supporting such a position as being not in the best interests of a province such as Alberta. I think it is something we have to look at. The latest statistics that have come out from Statistics

Canada show that in terms of food costs, Alberta as a province and our citizens spend less as citizens on a comparative basis, than those of any other province in Canada. I think that has to be realized when we look at this particular issue.

So if not price and wage controls, Mr. Speaker, what are the appropriate Alberta government policies to try to reduce the impact of inflation? We have real concern of an overreaction by U.S. and Canadian federal legislators and administrators, and possibly by some Albertans. It's important that there be some public confidence in the future. An essential feature of agriculture is to have that stability, and in our economy generally, in terms of growth of new jobs.

I'm really concerned that if there is an overreaction we will develop national policies or policies in other areas that might create a downturn in our economy, a levelling off of our growth, a restriction of the agricultural prosperity and (create) problems with regard to unemployment. I issue a warning, Mr. Speaker, to those who advocate such policies to treat them with much care in terms of the adverse impact on economic growth we may face in the long term.

Mr. Speaker, I believe that the policies that the Alberta Government should take in this situation are essentially four. First, we should strive to increase our agricultural production and to reduce the shortages in the world in the most meaningful way that we can.

Secondly, that we as a provincial government should take varied measures to offset the impact of cost of living increases on those whom it really hurts, the people on fixed incomes, the people on low incomes, the people who are not in a position to negotiate wage and price increases, the people who have special situations or extra cost. That's where the emphasis of our provincial policy should be.

Thirdly, we should expand and develop the degree of consumer protection which we, as a provincial government, should have available to us to ensure that those who try to take advantage of these inflationary pressures are dealt with in the proper way.

Finally, to press on in utilizing this stage of Alberta's economic development and the demand for our primary products, to build a more diversified economy.

Mr. Speaker, those are the four basic tenets of policy as we see them for the Alberta government in terms of the question of the cost of living and inflation. We don't pretend to suggest, as I mentioned earlier, that we can put ourselves in a position of being able to separate ourselves from world factors. But we, as a province, have a responsibility to make policy decisions regarding these factors. I've outlined them there.

Finally in this area, I'd like to review the action that we've taken to date in three policy areas or those we are contemplating.

The entire thrust of our Department of Agriculture in two years of office has been expansionary: to increase production and find new markets. We heard some criticism in some quarters of the budgetary provisions for the department. One of the key areas — and we'll welcome the question, we thought it might come about the size of the public service. We also should look not only at the size — let's hold that back, Mr. Provincial Treasurer — but also let us look, too, at where the people are being employed in terms of their usefulness and effectiveness to our citizens.

One of the major areas is in terms of agriculture. And these figures are simply — my adjective has to be "surprising" — in their magnitude. I knew that the minister was moving with full force. I had no appreciation, perhaps, that we were moving quite so extensively. I don't think these figures are known to other than the minister and myself so we thought we'd better put them all on the table today; the figures were in fact tabled in the material.

In terms of agriculture credit, we think one of the most meaningful ways in which we can do it is do our best to put into the hands of the farmers sufficient credit to take advantage of an expansion, in terms of facilities, operation of this demand and increased production in Alberta. That, of course, is one of the reasons that the production has in fact increased.

We can't, and we'll never pretend to be able to, control water. But I think we can do a great deal to help in terms of giving a farmer, who has worked pretty hard for a long period of time, an opportunity to expand his operations.

Here is the data in two years: The Agricultural Development Corporation's direct lending is \$18 million; the guarantee lending to farmers and agri-business is \$11 million; the livestock guarantee lending is \$33 million; the feeder association loans are \$24 million; the guarantees of lending through the Treasury Branches and banks are \$25 million. The total agricultural credit in the 2 years was \$111 million compared to the previous 10 years aggregate total of \$10 million.

That's a tremendous boost to agriculture. Sure, there will be times when mistakes will be made, there will be times when credit was given when it was not advisable to do so. The total program in balance must be looked at.

I was concerned about one of the figures tabled in the document today. The minister pointed out to me that with regard to the agriculture development loan applications, 21 per cent of the applications were for applicants between the ages of 18 to 25. I think that's

tremendous, that we're having that impact in terms of people going to the farm and going into agriculture as an occupation.

Mr. Speaker, that first policy of ours is expansionary in terms of agriculture. The second has to do with the measures that will help those most affected, as I've mentioned, and offset their cost of living, people who spend a very high proportion of their monthly income on essentials, and who are not able to negotiate for wage and salary increases.

Now, primarily they are the senior citizens, those people on welfare for reasons beyond their control, those at about the minimum wage, those involved, as I've mentioned, in special situations. We've concentrated a large number of our specific measures on this group. I believe it was wise for us to do so.

In my remarks in the Legislature last April, I mentioned that probably the most useful policy of a provincial government was that a provincial government could take the position of no increases in taxes, no new taxes, and reduction in the taxes that really count, such as the property tax. This is the way a provincial government can be very positive in terms of anti-inflationary methods.

Very briefly outlining these:

First, the Alberta Property Tax Reduction Plan, \$216, with the ceiling, so that the majority of the benefit goes to those in average and lower income homes, for \$100 million;

Second, our plan to bring in a two-price natural gas system, that we reduce the impact of that essential ingredient to Albertans in terms of life, to be brought into force in 1974;

Third, an assessment of the question of gasoline costs at the pump and the remarks I made in Three Hills in May with regard to ways in which we are examining that, and which we are looking at in terms of the next budget or at other times;

Fourth, there are a vast number of measures regarding senior citizens. Previously there was our decision with regard to Medicare premiums and the education property tax; more recently, the items that were mentioned today during the question period of the old age security recipients in terms of an additional \$120 a year, costing the province \$9 million; the new extended medical and related service plan for all senior citizens. In addition to that the passing on, without any sort of adjustment by the provincial government, of increased old age assistance by the federal government, and expanded senior citizens' housing programs;

Fifth, we also moved in terms of minimum wage to bring in an increase to \$1.90 an hour from the present \$1.75 and plan to make it \$2.00 an hour on April 1, 1974. This definitely assists the unskilled, low-income portion

of our population. In due course (this) will be the second highest in Canada, the third increase in over a year.

In addition to that we've moved in terms of some special situations. In due course, I believe within a day, the workmen's compensation benefit situation will be presented to the Legislature.

I've already mentioned the foster parents. We have eliminated charges — and they are very important for those families which have children in the various institutions in this province. (We have) increased the public assistance by 9 per cent on May 1, for some 25,000 recipient families.

We are now in the position of making a decision regarding family allowances in concert with the federal government. I am pleased with the decision that the Province of Alberta is going to work it out in a way that takes some recognition of the fact — at least it's sure my experience — that we should have the payment of the family allowances on a scale that from 0-6 years you're dealing with \$15 a month; 7-11 years, \$19; 12-15 years, \$25; and 16-17 years, \$28. Any (members) in this legislature who have teenage children will recognize the logic of that particular situation today.

Mr. Speaker, the list is extensive. There are a number of additional points, but I think that (the list) points out quite clearly the very extensive way in which this government has responded, and will continue to respond, to helping those people. Not by overreacting and bringing in controls, not by disrupting the normal nature of our economy, but by moving in a way to help those people who need the help, those people who are involved with (spending) such a large percentage of their income on essentials.

That's what our program has been; that's what our policy has been. In my judgment, Mr. Speaker, the action already taken to date is a record unequalled in any province in Canada. It beats eliminating medicare premiums for people who can well afford to handle them.

Mr. Speaker, in terms of consumer protection, it will no doubt take the Minister of Consumer Affairs some months to develop and get moving this department which I think we all recognize has been overdue in Alberta.

A number of actions have already been taken by the minister with regard to stopping double-pricing, meeting with wholesalers and other groups, setting up an office in Calgary, and working on a cooperative basis with the federal government. He will be bringing in some proposed legislative measures and he is working on that very interesting aspect, coordination with the Department of Agriculture on farmers' markets.

The fourth policy area in the field of cost-of-living is, of course, for us as a province, to recognize that whatever we do must have a thread throughout of long-term plan-

ning and long-term thinking. We can examine these policy positions; the expansion of agriculture today, the measures that we've taken to help those on fixed and low incomes, and the development of consumer protection.

But throughout it all we must realize that the longer term plans must go on, and taking this province in its position of dependency on primary production in agriculture and oil and gas, to make it more stable, to put the emphasis on processing the agriculture products, building in petro-chemicals, developing projects such as Syncrude in the oil sands, recreation and tourist facilities in this province.

Mr. Speaker, I have taken time today because I think it's important for us as a government to show, through the Legislature to the people of Alberta, our commitment to do our best to try to offset the impacts of inflation in such a way that we don't jeopardize the strength and uniqueness of the economy of this province.

Mr. Speaker, I would now like to move to federal-provincial relations.

The First Ministers' meeting was held in May in Ottawa and the essential nature of that was the discussion on cost sharing. I do believe our efforts are leading to better federal proposals.

We had a discussion at the Premiers' conference in August in Charlottetown in regard to a natural energy conference. We have had some positive steps in addition to the neighbourhood improvement program and a number of others.

Hon. members will recall one of the key ones. The Minister of Federal and Intergovernmental Affairs on many occasions in this House pointed out how he was pressing to get the federal government to change its approach toward DREE; to get away from this artificial, regional boundary basis of DREE, and to look at DREE in terms of the total concept of Alberta, where the greatest need and greatest use can be for the Department of Regional Economic Expansion. I think a great deal of credit goes to our Minister of Federal and Intergovernmental Affairs, Mr. Getty, for getting that fundamental change that would benefit Alberta with regard to DREE.

Mr. Speaker, I would just briefly like to touch upon the Western Economic Opportunities Conference. You could spend a lot of time discussing and evaluating it but I did want to conclude with some remarks regarding Syncrude and oil and gas. It certainly has been a busy summer.

There were pluses and minuses at the Western Economic Opportunities Conference. On the minus side the federal government became, in my judgment, overly defensive, perhaps too dependent on Ottawa-based mandarins for advice. But the pluses were their attitudes and

what we all learned when they left. We learned we are all involved. We learned we were making the preparations. I think the public of Alberta learned. I think all of Canada gained from the experience an increased awareness and understanding of western policies.

I concluded my remarks in this Legislature in April by calling for cost disclosure from our two railways with regard to freight rates. It was one of our important objectives at the Western Economic Opportunities Conference. I was pleased to see that we got an undertaking and commitment from the Prime Minister to see to that disclosure, not in the way we would have liked, which was full public disclosure, but disclosure to give us an opportunity — I am sure members who have followed this question of freight rates would recognize — an opportunity to evaluate and point out the weaknesses in a very meaningful and specific way of the penalties that have been imposed upon western Canada by a freight rate structure based on so-called competition.

Mr. Speaker, I know that members on both sides of this House would join me in expressing appreciation on behalf of all Albertans for the leadership that the Minister of Industry and Commerce made in this area of transportation by bringing, for the first time, some interesting and new ideas with regard to road beds and development of transportation in Canada in terms of freight rates. Both he and his department deserve plaudits from all members of this Assembly for the efforts he has made.

There was a great deal of follow-up work to be done in transportation, which involved the Minister of Highways as well as the Minister of Industry and Commerce.

Of course there is the matter of tariffs. I still have that quote and even the photograph, and I am anxious to see whether the hon. Mr. Turner will go to bat for us in the area of petro-chemicals. One has to be a little bit concerned that on the very day the federal export tax is being announced in Ottawa by the hon. Mr. Macdonald, in terms of its impact upon our major trading nation, the federal Minister of Industry and Commerce is in Tokyo talking about free trade. Mr. Speaker, it was interesting to hear the views of a number of people who have studied it as to the significance of those two statements on the very same day.

Another plus of the Western Economic Opportunities Conference was, of course, the improvement in relations which I think has developed in a very effective working way with other western provincial governments. We have our philosophical disagreements but there are times when they are put aside in the public interest to the western provinces, and I think that was a very important positive aspect involved. It was an historic event. It didn't perhaps measure up to all that we had hoped. It had some limitations and some disappointments, but on balance it

had some very important gains for the west, particularly in terms of a broader public awareness of the situation in western Canada and our potential.

Mr. Speaker, that brings me to the concluding remarks with regard to Syncrude and our new oil and gas policies.

The importance of the development of the oil sands for Alberta and for Canada cannot be overstressed. As I illustrated in my remarks on television on September 18, the magnitude of the Alberta oil sands is enormous — one-half of the world's proven oil supply.

The tragic events of the past few days, the war in the Middle East, is of considerable concern, I am sure, to all North Americans and to all citizens throughout the world. From an economic point of view we must be aware that the source of most of North America's imported crude is from the Middle East, with the exception of the 48 per cent of the Canadian imported crude which comes from Venezuela. But it has crystallized the significance of the Alberta oil sands.

However, it is one thing, Mr. Speaker, to have a resource. It is another thing to develop and manage it properly. There are three keys. The first key is timing. The second one is orderly development. The third is Alberta's participation in the profits.

I went to the Bilderberg meetings in Sweden in May, as the House was recessing. There were representatives from 17 nations, such people as the Finance Minister from Germany, the chairman of the board of Royal Dutch Shell, and Mr. Levy, one of the most informed consultants in the world. The report of Mr. Lipton of his firm was tabled here today.

Two conclusions came out of that trip as far as I was concerned. First, that there is and will continue to be, a concentrated effort by Europe and by the United States in terms of the development of nuclear energy. They are really making an all-out effort to do so. Second, without doubt, is a very large effort by the United States whose reputation in technology and technological development is well-known, in terms of processing on an economic basis the Colorado oil shales.

The second conclusion I reached from that meeting was that the Alberta oil sands was simply not part of their thinking of the world oil scene, despite its magnitude of potential, because they looked upon the first plant as being merely a pilot plant, and they concluded that the technology of even the surface portion had not been established.

It is critical, therefore, in my judgment and in that of my colleagues, Mr. Speaker, that Plant No. 2 get under way. Otherwise we can lose the lead which we now have of perhaps four to five years over the Colorado oil shales.

Also nuclear energy could render obsolete, and as a useless asset, the Alberta oil sands and the history of all that is involved.

Now, Mr. Speaker, the first item that should be raised is the lease situation which we inherited. This map sets it forth. Perhaps copies could be tabled in the House by the Minister of Mines and Minerals. It shows the layout of the key leases with regard to the Alberta oil sands. They were picked up mainly about ten years ago by large international companies for not too many dollars. They have a 21-year term on the leases with a 21-year lease renewal. To give you some idea, the provision of the lease right across from Syncrude is held by Union Oil Company and they have paid an aggregate of \$174,000 only on that particular lease.

This position of the lease situation has severely reduced our options both now and in the future. We're reviewing the matter to see what we can do about it, and we refer hon. members to the lease renewal provisions contained in the Letter of Intent tabled today regarding the Syncrude project.

The next factor is, of course, the history of GCOS, Great Canadian Oil Sands, which has been in operation five years. Its estimated cost was \$200 million, actually 50 per cent overrun in cost. It cost about \$300 million. Its losses to date were \$88 million, hardly calculated to encourage investment.

The Order in Council passed by the previous administration, which they were forced to make in May, 1970, was to reduce the royalty in half by 50 per cent down to an effective royalty rate varying between 4 to 7 per cent of gross. In our view, such a remission, although we endorsed it and supported it as the proper policy decision at the time, is not a desirable way to deal with projects of this nature.

Next, we come to Syncrude, which is a group of four major companies. They held their leases for many years and invested many millions in research, received a permit from the previous government that did not have any conditions attached to it, and applied to the Energy Resources Conservation Board for revisions to their plan. On February 7, 1972, this permit came before the new government and we imposed some important conditions regarding public participation in Canadian content. Mr. Speaker, those conditions are contained as part of Section 2 of the agreement of September 14 which was tabled in the Legislature today.

That brings me, Mr. Speaker, to negotiations regarding royalty and public participation.

With regard to royalty, it's important for members to review the report with regard to the risks as outlined by Foster and Associates. The first important question that the government faced with regard to the question of royalty was, what are the various alternatives and options

open to the government? Well, one was for the government to build the plant itself. Frankly, in our judgment, there is only one word to describe that course of action at this time, and that is "foolish". The technology is unproven. It would be a massive diversion of public funds which have much better priorities. There has been a pretty dismal record in this country of public ownership and risk ventures in Canada and that approach was very quickly discarded.

The second question had concerned an evaluation of the purpose of royalties. Now a fair return to the owner of the resource — the government — the benefits of the development, is the purpose of the royalty. But the more we thought of it, the more we assessed it, the key operative word of benefit is "profits". And we didn't want and don't want to face again the question that was faced by the previous government, with regard to remission of a gross royalty. Further, if the risk disappeared, if the prices increased, we wanted our share of those profits. The best approach in our judgment, and I believe the citizens of Alberta very clearly endorsed this, was that rather than have a gross revenue calculation, where we would be limited by our share of the profits if it should be particularly profitable, it would be a lot more logical to be on a profit-sharing basis. We did, however, insist that there be placed in the agreement the provision that between the fifth and tenth year, if the plant loses money, we have the option to take our portion in terms of the minimal return on gross. We have also retained the option with regard to the matter of taking in kind.

We, as the government, would look at that situation of losses on plant No. 2 as evaluating the benefit to Alberta in terms of jobs and purchases. Our conclusion is that when you look at royalty, and when you compare it with a conventional situation after the dry hole, after consideration has been given to dry holes and you have had the successful well, then the royalty occurs and the whole concept of royalty is a concept based upon success. And with the GCOS experience it seemed to us very clearly that it was important for the government to come up with a new, innovative and imaginative approach. We felt the right one was one in terms of profit sharing. That it brought to the fore another concept, and that is the best one, of partnership between the public and private sectors.

Now the key concern — and I have seen comment already raised about it, certainly the one I had from the outset of the raising of the matter — was what could be done to protect the government from the participants minimizing their profits in terms of the plant and maximizing their profits downstream? Well, a careful look at the agreement what is involved in the agreement will show the government's position on that. The government's position is simply this, there will be a definitive agreement. There will be an accounting manual. That accounting manual will be prepared by the

Deputy Provincial Treasurer who has some considerable experience in these matters. And that document will be approved by the Provincial Cabinet as an Order in Council.

In addition to that, I refer hon. members to Section 7 where, during this whole situation, full and complete access of every document is made available to government representatives.

There is no doubt in my mind that the profit sharing is the right concept. There is no doubt in my mind we can protect the concern that there not be an adequate and fair establishment of profits at the plant. But how much profit?

Before dealing with that, just briefly review the public participation. Eighty per cent of the profits, 80 per cent of the ownership with little or no risk with regard to the pipe line; 50 per cent of the profits and 50 per cent of the ownership of the power facility — again with little or no risk; 20 per cent of the plant, one of the five partners, by the Alberta Energy Corporation and the very effective decision to have the option, the very valuable option, for investors in the Alberta Energy Company that they don't need to take. If the situation of GCOS should happen, where there is an enormous overrun in a plant now estimated at \$960 million — compared to an original estimate of \$600 million — if that occurs, then the decision can be made to not exercise that option at the time when construction has been completed, those costs are known and the operation is about to go. I think that's a very important position. And on the low side, as I have mentioned, the coverage between the fifth and tenth year.

Members should be drawn attention to the fact that the agreement has a provision at the end of the tenth year for renegotiation. So we are covered on the agreement on the high side if we are profitable. We are covered on the low side.

But what percentage of profits, Mr. Speaker? Well, the negotiations almost came apart on this point on the option. In any negotiations there has to be some give and take. But on these particular negotiations the province stood on the concept of the option and the position of the percentage of profits. Our target, was that in excess of 50 per cent of the profits from this venture should flow to the citizens of this province, both in terms of government by way of royalties and through the Alberta Energy Company. The document tabled today, and I refer all hon. members to it, shows that over the life of this project the people of Alberta will get 56 per cent of the profits with little of the risk, while the participants will only get 44 per cent of the profits with most of the risk. I call that not just a good deal but a great deal for Alberta.

In addition to that, of course, the benefits of the jobs, the technology, the purchasing, and a viable second plant hopefully will permit Alberta then to be in the strongest position of energy in the entire North American conti-

nent. Having made that particular arrangement, we clearly have the opportunity to expand, in plants Nos. 3 and 4, the percentage in the interest by way of public participation, if we deem it desirable to do so.

Mr. Speaker, before leaving the matter of Syncrude, I know that Mr. Getty will be tabling a position paper this fall with regard to the decision and the setup of the Alberta Energy Corporation in Suffield.

Mr. Speaker, there are three conditions in the Syncrude agreement: the labour site agreement condition; the tax deduction provision; and the all-important one regarding price.

There is no doubt that the federal Liberal government could kill this project with or without their allies. We would hope not. The Gallup Poll today might cause them some second thoughts. Our national party and the Alberta Members of Parliament endorse the project and the arrangements made by the Alberta Government. We're confident that the citizens of this province are fully behind us in terms of the benefits we have outlined. We're sure some hon. members will have some questions.

It will, however, be interesting to watch the MLAs' support for the basic concept of the government arrangements for royalty and public participation, and particularly interesting to observe whether aid or comfort might be given to the leader of the Toronto New Democratic Party who, with his typical reflex action, has said, "We're completely opposed to the project."

Mr. Speaker, to support the position, is obviously biased against Alberta and favours central Canada. In my view, Mr. Lewis's statements were automatically negative. He didn't even bother to look at the conditions regarding profit sharing. The point on profit sharing that I've made here in the Legislature will, in my view, be remembered well and long by Albertans. The benefits to Canada, not just to Alberta, are set forth in the letter I wrote to Mr. Trudeau which was tabled today.

The basic position is that we have this arrangement. We have the risk money and the technology coming in to those parties who will get 44 per cent of the profits and put up the risk and we'll get 56 per cent of the profits with little or no risk.

It's important for the future of Alberta, not just for 10 years but maybe for 50, that plant No. 2 proceed with the full backing and support of Albertans. It is one of the most important ventures in the history of this province.

Finally, Mr. Speaker, I'd like to conclude with some brief remarks. Most of what I have noted here was dealt

with in the question period. All members are aware of the actions that were taken regarding the federal government on the export oil tax. I will table my statement to the Canadian Club in Calgary on September 14 and my public statement regarding new oil and gas policies of October 4.

We intend to remain firm in terms of our resolve to control Alberta's oil and gas in the Alberta public interest. We believe on this issue that we have the support of Albertans, and we are looking at the basic nature of our new oil and gas royalty and the incentive approach that we announced last Thursday.

We hope, however, to reconcile our assessment of the Alberta public interest with the Canadian public interest, and with this in mind two very important meetings have been scheduled. Next week the Ontario Minister of Energy, Mr. McKeough, will be coming to Edmonton for an important meeting with Mr. Getty and Mr. Dickie, to discuss natural gas pricing and other related items. On October 29 there will be a follow-up meeting in Ottawa involving Mr. Macdonald, Mr. Getty and Mr. Dickie to the meeting we held with the federal minister Mr. Macdonald.

The government's objectives, with regard to larger revenues flowing into this province as a result of the new royalty plan, has a target date as early as possible in 1974.

I have mentioned our position in answer to the questions from the hon. Member for Calgary Bow with regard to our plans for the fall session in December.

In closing, Mr. Speaker, I believe that I have set forth a general review of the government's operation during the past five months, some of the highlights of our decisions and some of the important developments that have occurred. As I said at the outset, this probably has been the most eventful five months in the history of Alberta government. I know it leaves us with a great deal of implementation work still to do.

Mr. Speaker, this great province has never been stronger nor had greater potential or more promise than today. Thank you very much.

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